

## Message Text

CONFIDENTIAL

PAGE 01 EC BRU 04058 01 OF 02 222131Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----222153Z 082058 /72-61

R 221738Z APR 77  
FM USMISSION EC BRUSSELS  
TO SECSTATE WASHDC 3592

C O N F I D E N T I A L SECTION 1 OF 2 EC BRUSSELS 04058

EXDIS

DEPT FOR COOPER & KATZ; WHITE HOUSE FOR OWEN & HORMATS

PASS STR FOR FEKETEKUTY, GREENWALD TREASURY FOR SOLOMON

1. AMBASSADOR STRAUSS AND DEPUTY STR ALAN WOLFF MET WITH COMMISSION OFFICIALS IN JOINT SESSION MORNING APRIL 22. PRINCIPAL EC PARTICIPANTS WERE VICE PRESIDENT HAFERKAMP, COMMISSIONER DAVIGNON, DIRECTOR GENERAL HIJZEN, DIRECTOR GENERAL RABOT AND DEPUTY DIRECTOR GENERAL LOERF. DISCUSSION WAS LIMITED TO THE INTERPLAY BETWEEN THE LONDON SUMMIT AND THE MTN, WITH BRIEF MENTION OF THE OECD TRADE PLEDGE. US SIDE EMPHASIZED THE NECESSITY TO USE THE SUMMIT COMMUNIQUE AS A MEANS TO INVIGORATE THE MTN AND ENUMERATE SPECIFIC GOALS. A REPORT ON THE CONVERSATION FOLLOWS.

2. HAFERKAMP AND STRAUSS OPENED BY AGREEING THAT PROGRESS IN THE MTN IS ESSENTIAL. STRAUSS SAID THAT EVEN A STANDSTILL IN THE MOVE TO FREE TRADE WOULD BE A DEFEAT; EVERY DAY MAKES NEGATIVE, PROTECTIONIST FORCES STRONGER.

3. STRAUSS OUTLINED THAT THE UNITED STATES WOULD LIKE TO SEE IN THE LONDON SUMMIT COMMUNIQUE LANGUAGE ENDORSING THE FOLLOWING POINTS:

CONFIDENTIAL

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PAGE 02 EC BRU 04058 01 OF 02 222131Z

- A. MAJOR RESULTS ACROSS THE BOARD; NO MINI-PACKAGE.
- B. VERY SUBSTANTIAL PROGRESS THIS YEAR. THE TASK IS TO DIG INTO SUBSTANCE VERY SERIOUSLY IN THE FIRST FEW WEEKS AFTER THE SUMMIT. THERE NO NEED TO FIX A DEADLINE FOR COMPLETION.
- C. VERY SPECIFIC LANGUAGE ON:
  - (1) TARIFF CUTS NOT LESS THAN KENNEDY ROUND RESULTS

WITH SIGNIFICANT REDUCTION AND HARMONIZATION.

(2) A PARTNERSHIP APPROACH TO AGRICULTURE.

(3) SOME SPECIFIC LANGUAGE ON PROGRESS ON NTB'S.

IN RESPONSE, HAFERKAMP EXPRESSED CONCERN THAT DETAILED LANGUAGE COULD LEAD NON-SUMMIT PARTICIPANTS TO BE CONCERNED AND CONSIDER THEMSELVES CONFRONTED WITH A FAIT ACCOMPLI. HE REPEATED THAT A SUMMIT STIMULUS IS DESIRABLE. WHAT HE IS CONCERNED ABOUT IS THE QUESTION OF PRESENTATION. HIJZEN ADDED THAT WE SHOULD NOT UNDER-ESTIMATE THE WORK ALREADY DONE IN GENERAL OR OVERESTIMATE THE VALUE OF DECLARATIONS LIKE THE SUMMIT COMMUNIQUE. ON TARIFFS, HIJZEN THOUGHT A GENERAL STATEMENT MIGHT BE HELPFUL, BUT HE WAS NOT SURE HE COULD GET MEMBER STATE AGREEMENTS TO LANGUAGE LINKING RESULTS TO THE KENNEDY ROUND. HE WOULD ALSO PREFER A LESS AMBITIOUS FORMULA WHICH WOULD CUT DOWN ON EXCEPTIONS. ON NTB'S, HIJZEN EXPRESSED CONCERN THAT LISTING A FEW NTB'S, SUCH AS SUBSIDIES/COUNTERVAILING, WOULD LEAVE AN IMPRESSION ON OTHER NEGOTIATING PARTNERS THAT WE ARE NOT INTERESTED IN THE OTHERS. SIMILARLY, A REFERENCE TO AGRICULTURE COULD REOPEN EC-US PROCEDURAL PROBLEMS. HIJZEN'S BASIC MESSAGE WAS THAT SUMMIT LANGUAGE SHOULD NOT GO BEYOND THE LANGUAGE OF THE TOKYO DECLARATION WHICH ITSELF TOOK SIX MONTHS TO NEGOTIATE.

4. IN RESPONSE, STRAUSS EMPHASIZED THAT, AS A NEW-COMER, HE FOUND IT DIFFICULT TO ACCEPT THAT SIGNIFICANT WORK HAD BEEN DONE SO FAR IN GENEVA.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 EC BRU 04058 01 OF 02 222131Z

THE AVERAGE INTEREST PERSON, HE SAID, WOULD CONSIDER THAT THE GENEVA TALKS HADN'T EVEN MADE ENOUGH PROGRESS TO REACH A DEADLOCK ON ANY ISSUE. THE SUMMIT WILL GROUP THE WORLD'S MAJOR TRADING NATIONS. THE US PRESIDENT WILL BE DISAPPOINTED IF WE CAN'T AGREE THERE ON SPECIFIC AREAS FOR PROGRESS. IT WOULD, OF COURSE, BE WRONG TO ATTEMPT TO SET OUT FORMULAS THERE BUT CERTAINLY SOME SPECIFIC GOALS CAN BE AGREED UPON.

5. PICKING UPON STRAUSS INTERVENTION, HAFERKAMP SAID WE MUST STRESS THE POLITICAL SIGNIFICANCE OF LONDON. OUR TASK IS TO FIND SOMETHING CLEAR AND IMPORTANT ENOUGH TO GIVE IMPETUS TO THE MTN. WE ALREADY HAVE ENOUGH GENERAL STATEMENTS. PROBLEM IS TO STRIKE A BALANCE BETWEEN LISTING TANGIBLE RESULTS AND AVOIDING OVERLY TECHNICAL DETAILS.

6. COMMISSIONER DAVIGNON INTERVENED TO MAKE SEVERAL

POINTS:

A. AS BACKGROUND, UNITED STATES SHOULD REMEMBER THAT COMMON EXTERNAL TARIFF IS NOT MERELY A TARIFF BUT HAS POLITICAL SIGNIFICANCE FOR THE COMMUNITY. THIS IS WHAT DISTINGUISHES US FROM OTHERS, HE SAID. IN PART, IF US OFFICIALS COME TO BRUSSELS TO DISCUSS QUESTIONS WITH THE COMMUNITY IT IS BECAUSE THEY RECOGNIZE THAT IT HAS LONG-RANGE POLITICAL GOALS, TOO.

CONFIDENTIAL

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PAGE 01 EC BRU 04058 02 OF 02 222134Z

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C O N F I D E N T I A L SECTION 2 OF 2 EC BRUSSELS 04058

EXDIS

DEPT FOR COOPER & KATZ; WHITE HOUSE FOR OWEN & HORMATS

PASS STR FOR FEKETEKUTY, GREENWALD TRREASURY FOR SOLOMON

B. THE POLITICAL SIGNIFICANCE OF THE COMMUNIQUE IS TO SHOW THAT DESPITE THE RECESSION WE WILL NOT CHANGE OUR COURSE OF ACTION. WE DO NOT WANT IN LONDON TO NEGOTIATE FOR OUR NEGOTIATORS, BUT TO UNDERLINE THAT THE MTN IS AT LEAST AS SIGNIFICANT OVERALL AS THE KENNEDY ROUND. SO, REFERENCE TO KENNEDY ROUND SHOULD BE IN GENERAL TERMS, NOT SPECIFICALLY TIED TO TARIFFS. DAVIGNON SUPPOSED THE AMERICAN GOAL IS NOT TO PRE-JUDGE THE NEGOTIATIONS BUT TO SET OUT A DESCRIPTION OF THEIR GOALS. AMBASSADOR STRAUSS EXPRESSED FULL AGREEMENT. MR. WOLFF ADDED THAT OUR INTEREST IN SPECIFICS COMES OUT OF THE FRUSTRATION OF THE YEARS LOST SINCE 1973. WE NEED SOME RE-DEDICATION.

7. WOLFF THEN RESTATED THE UNITED STATES' PREFERRED COMMUNIQUE LANGUAGE IN LIGHT OF HAFERKAMP AND

DAVIGNON COMMENTS. HE SAID COMMUNIQUE SHOULD INCLUDE:

A. STATEMENT THAT MTN EVEN MORE IMPORTANT THAN KENNEDY ROUND BECAUSE OF RECESSION. IT MUST PRODUCE A MAJOR COMPREHENSIVE OUTCOME, NOT A MINI-PACKAGE.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 EC BRU 04058 02 OF 02 222134Z

B. REFERENCE TO THE NEED FOR MAJOR PROGRESS THIS YEAR.

C. SOME BROAD FORMULA ON AGRICULTURE TO SHOW THERE IS COMMON GROUND BETWEEN US. IF THIS IS MISSING, OTHERS WILL KNOW THAT WE CONTINUE TO HAVE DOMGMATIC PROBLEMS BETWEEN US. IT COULD ENDORSE A GRAGMATIC OUTCOME, BASED ON EXPANSION AND STABILIZATION OF TRADE. A STATEMENT ON GRAINS ALONG SUCH LINES WOULD BE HELPFUL.

D. SOME FORMULATION ON NTB'S THAT SHOWS THEY REMAIN VERY IMPORTANT TO US.

8. WOLFFF CONCLUDED BY SAYING THAT THE BRITISH DRAFT COMMUNIQUE LANGUAGE CONTAINS A CLEARLY INSUFFICIENT REFERENCE TO THE MTN.

9. IN COMMENTING SPECIFICALLY ON AGRICULTURE, DIRECTOR GENERAL RABOT NOTED THAT A REFERENCE BOTH TO STABILIZATION AND EXPANSION OF TRADE WOULD GIVE THE COMMUNITY NO PROBLEM SINCE THAT IS THEIR POSITION. HE SAID HIS ONLY HESITATION ON A SPECIFIC REFERENCE TO GRAINS IS THAT IT MAY CAUSE OTHERS TO WONDER WHETHER WE ARE NO LONGER INTERESTED IN OTHER COMMODITIES. ANY ADDITIONAL LANGUAGE ON AGRICULTURE WOULD REQUIRE THE COMMUNITY TO REFER SOMEHOW TO THE SPECIAL CHARACTERISTICS OF AGRICULTURE AS MENTIONED IN THE TOKYO DECLARATION. WOLFF, IN REPLY, WONDERED WHETHER THE GRAINS REFERENCE COULD NOT BE JUSTIFIED PUBLICLY BY REFERRING TO THE WORLD FOOD CONFERENCE AND RECOGNITION THERE OF THE NEED FOR GLOBAL FOOD SECURITY. HE ALSO THOUGHT THAT MENTIONING AGRICULTURE IN THE COMMUNIQUE ALREADY HIGHLIGHTS SUFFICIENTLY ITS SPECIAL CHARACTER WITHOUT ELABORATING FURTHER A CONTENTIOUS POINT.

10. AMBASSADOR STRAUSS SUGGESTED THAT A WAY TO PROCEED WOULD BE FOR UNITED STATES TO SKETCH OUT INFORMALLY A  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 EC BRU 04058 02 OF 02 222134Z

FEW IDEAS WHICH WE COULD THEN SHOW TO THE COMMISSION, SEEKING A CASUAL AFFIRMATIVE NOD. US DOES NOT WANT TO

COMMIT COMMISSION AND UNDERSTANDS ITS LIMITATIONS VIS-A-VIS THE MEMBER STATES. IN NEXT WEEK'S DRAFTING SESSIONS, WHOEVER, WE DO NOT WANT TO GO DOWN A ROAD THAT THE COMMISSION FINDS OBJECTIONABLE. THAT IN THE END WOULD ONLY STAND IN THE WAY OF REAL PROGRESS. HAFERKAMP AGREED ENTIRELY AND SUGGESTED THAT BOTH SIDES KEEP IN TOUCH BY TELEPHONE AND CABLE IN THE NEXT WEEK. LOOKING BEYOND THE SUMMIT, HE SAW A NEED FOR INTENSIVE MEETINGS IN THE NEXT FEW MONTHS BOTH AT THE LEVEL OF EXPERTS AND BETWEEN HIM AND AMBASSADOR STAUSS AS OFTEN AS NECESSARY TO KEEP THINGS MOVING.

11. IN CONCLUSION, AMBASSADOR STRAUSS CALLED THE TIME HE HAD SPENT IN GENEVA AND BRUSSELS EXCEEDINGLY CONSTRUCTIVE. HE LOOKED FORWARD TO CLOSE FRIENDSHIP WITH THE RESPONSIBLE COMMISSIONERS. WITH RESPECT TO THE MTN, IN HIS VIEW, THE TIME HAS COME TO DEMAND ACTION OR GO HOME FROM GENEVA. HAFERKAMP REPLIED THAT HE COULDN'T AGREE MORE.

12. OECD TRADE PLEDGE: IN HIJZEN-WOLFF EXCHANGE, HIJZEN QUESTIONED WHETHER WE SEEKING SUMMIT LANGUAGE TO CLEAR UP THE AMBIGUITY AROUND THE USE OF GATT-SANCTIONED MEASURES OF TRADE RELIEF WHICH EXISTS IN THE CURRENT TRADE PLEDGE. IF UNITED STATES WANTED COMMUNIQUE TO GO BEYOND THE PLEDGE, HE THOUGHT THIS WOULD POSE DIFFICULTIES. IN REPLY, WOLFF SAID THAT US INTENTION IS TO STRENGTHEN THE CONCEPT OF RESISTANCE TO PROTECTIONISM. HINTON

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## Message Attributes

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